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THE OUTLOOK IN WEST GERMANY

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CENTRAL INTELLIGENCE AGENCY

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THE OUTLOOK IN WEST GERMANY¹

THE PROBLEM

To estimate probable developments in West Germany with respect to (a) internal trends; (b) foreign policy; and (c) potential contribution to free world strength.

CONCLUSIONS

1. Whatever coalition emerges from the September 1953 elections (whether a continued CDU-Right coalition or a CDU-SPD "grand coalition") the predominance of the moderate constitutional forces is likely to be confirmed and to continue for at least the next four or five years.²

2. Whether over a longer period moderate political parties operating in a constitutional framework can determine the nature of political life in West Germany will depend not only on the ability of these parties to provide strong and effective government, but also on external factors. If West Germany finds adequate markets for its exports and economic conditions in the country continue to be satisfactory, we believe that constitutional and responsible government has an excellent chance of continuing. On the other hand, if economic difficulties do develop, there is almost certain to be a growing trend in

West Germany toward a more authoritarian and nationalist type of government. This trend would be intensified if a democratic government appeared to be unable to pursue effectively German reunification and Germany's other national aspirations.

3. Given favorable world conditions, West Germany's large and efficient industrial plant, extensive scientific capabilities, highly skilled workers, and capable management can insure a substantial further economic growth. We estimate that gross national product (GNP) can be increased by more than 40 percent in the next decade. Any major contraction of world markets, however, would reduce substantially the demand for German exports and would have immediate and serious repercussions in West Germany.

4. We estimate that the Federal Republic could mobilize and train its projected contribution of about 500,000 men to EDC within two to three years after ratification of the treaty. To achieve this build-up, West Germany would have to be provided with the necessary heavy equipment and aircraft during the first 18 months of this period. If no restrictions

¹ This estimate is designed to cover the next 5-10 years.

² The Deputy Director for Intelligence, The Joint Staff, believes that paragraph 1 should end with the word "confirmed." It is his belief that available intelligence is insufficient to support the estimate that a moderate constitutional form of government will continue in West Germany during this period.

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were imposed on the size of West German armed forces, we estimate that a peacetime force of about 1,000,000 men could be supported by the present manpower and financial resources of the country without causing serious economic dislocation.³

5. Assuming no decisive shifts in Western or Soviet policy, it seems almost certain that West Germany will preserve a pro-Western orientation during the next few years. However, the foreign policy of the Federal Republic will continue to aim at restoring full German independence and equality and at removing the vestiges of the occupation regime.

6. The reunification of Germany will remain a basic West German objective. The West Germans would prefer a formula for reunification which would give post-treaty Germany full freedom of alliance. However, if the West Germans became convinced that the USSR were actually prepared to agree to reunification under the conditions that Germany were neutralized and its level of rearmament controlled, we believe that the majority of West Germans, rather than lose this opportunity for unification, would wish to accept this proposal. Relations between the Western Powers and West Germany would be strained if the Germans felt that the Western Powers were blocking a reunification of Germany which was based upon what the West Germans considered reasonable terms.

7. If the EDC is rejected or long delayed, the West German Government will press for implementation of the Contractual Agreements and will feel that its freedom

of action in regard both to its position in the Western system and its relations with the USSR require the establishment of German armed forces. West Germany would be likely to meet French resistance to German rearmament by offering to have such forces subject not only to NATO integration but to strict and continuing NATO control.

8. If the West Germans are denied all participation in the Western alliance, they might attempt to rearm outside the context of NATO, either unilaterally or through direct approaches to the US and UK.

9. In the longer run, if no agreement with the USSR over German reunification is reached, the course of developments in West German foreign policy will depend largely upon: (a) ratification of the EDC by the six signatory powers; or (b) in the event the EDC is not ratified, the nature of the policies which the Western Powers would adopt toward the rearmament of Western Germany and its place in the Western alliance. If some form of German rearmament in association with the West is permitted, and if the Western Powers take various reciprocal actions (described in paragraph 59) designed to satisfy West German interests, West Germany over the long term will probably remain aligned with the West.

10. In particular, as its strength increased, West Germany would probably attempt to commit the Western alliance to bring heavier pressure to bear on the USSR to restore German unity. It is even possible that once West Germany considered that the Western power position was strong enough to minimize the

³ See G-2 footnote to paragraph 35.

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risks, it would seek to involve its Western partners in aggressive policies designed to reunite the German state.⁴

11. If, on the other hand, Germany is reunified but is neutralized and restricted in its rearmament program, Germany might be willing to accept for some years an imposed neutrality and forced limitations on its armament. However, we believe it unlikely that Germany would be willing to accept indefinitely these limita-

tions on its sovereignty and on its freedom to pursue its own interests.

12. If Germany could regain its freedom of action, it might elect to advance its interests by attempting to play an independent role between the two great power blocs. On the other hand, if Germany chose to exercise its freedom to enter alliances, we believe that it would adopt a pro-Western rather than a pro-Soviet alignment.

DISCUSSION

DOMESTIC POLITICAL TRENDS

13. German political life since the founding of the Federal Republic in 1949 has been marked by the predominance of moderate political elements loyal to the new parliamentary institutions. The parties and groups of the extreme left and right have shown no ability to attract the allegiance of large numbers of Germans under present circumstances. This relative stability and moderation has probably been due in part to a reaction from the German experience of totalitarianism from 1933 to 1945. The Federal Republic has benefited also from the continuous economic improvement which has taken place since 1948. In addition, postwar German political life has been marked by relative indifference to "politics" which has dampened party strife and inhibited the growth of mass support for extremist political tendencies.

14. The present governing coalition, led by the centrist Christian Democratic Union

(CDU) of Chancellor Adenauer, and including the conservative Free Democratic (FDP) and German (DP) Parties, expresses the preference of the broad mass of middle class and conservative Germans for moderate constitutional government.⁵ It is conservative in economic policy, but is committed to an extensive range of social welfare measures. It is pro-Western in foreign policy, but determined to restore German national independence in the eventual peace settlement. Chancellor Adenauer has exercised a dominant influence over the coalition parties, but he is 77; his departure from the scene might weaken the effectiveness of the present coalition.

⁵ Comparison of West German Political Party Strengths

	PERCENTAGE OF POPULAR VOTE (1949)	NUMBER OF SEATS IN THE BUNDESTAG (1949-1953)
CDU	31.0	146
CSU (Bavarian branch of CDU)		
FDP	11.9	49
DP	4.0	21
Total, Present Coalition	46.9%	216 Seats
SPD	29.2	130
Bavarian and Center Parties	4.2	19
KPD	5.7	14
Splinter Parties or Inde- pendent Candidates ..	14.0	22
Total, Others	53.1%	185 Seats

⁴ The Special Assistant, Intelligence, Department of State, agrees that West Germany might at some time estimate that it could undertake an aggressive policy on unification. However, he considers it highly unlikely the West Germans would make such an estimate in the foreseeable future unless they believed (rightly or wrongly) that: (a) present East-West power relationships had radically altered to the advantage of the West; (b) West Germany could count on the support (voluntary or otherwise) of the other Western Powers; and (c) war would not result from their actions.

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15. The Social Democratic Party (SPD) has commanded about 30 percent of the vote in previous elections and is likely to continue at about this or a slightly higher level of strength. The party draws its support largely from the working class. The SPD is also pro-Western and strongly anti-Communist, but has been more strongly nationalistic in its utterances than the CDU, and has emphasized reunification over integration with the West. However, a majority of its leaders are eager to abandon their opposition role and to enter the government. Although they have opposed the EDC, they would probably be willing, in order to gain access to power, to make a considerable adjustment of their views if they thought there was no early prospect of reunification. They would be particularly eager to participate in the government during the period of rearmament, so that they could more effectively influence the formation of the new German forces. The party has abandoned doctrinaire Marxism and would be likely to pursue moderate welfare state policies in power. It can be relied upon, along with the CDU, to defend the existing constitutional structure.

16. For the present, extreme right nationalist groups remain fragmented and without effective leaders or programs. The mass of Germans has shown little responsiveness to the appeals addressed to it by the right-wing splinter parties.

17. One reason for the weakness of the extreme right has been the absence of any serious threat from the extreme left. The Communist Party (KPD) is unlikely to receive 5 percent of the vote in the 1953 elections and, under the new electoral law, is unlikely to obtain any Bundestag representation. Bearing as it does the onus of Soviet actions in Germany during the war and occupation, the KPD at present has little prospect of growth. It has not penetrated the labor unions at the executive level and has moderate influence only among the metal workers and the miners. We believe that Germany will in large measure be spared the splitting of the labor vote between Socialists and Communists which has hampered the working of

parliamentary democracy in France and Italy. In any event, the party may be outlawed in the near future.

18. *The 1953 Elections.* We believe that the predominance of the moderate constitutional forces is likely to be confirmed in the September 1953 elections and to continue for at least the next four or five years.⁶ The SPD and CDU probably will between them account for about 60 percent of the vote. However, the SPD may receive a slight edge in the voting over the CDU, and the position of the CDU in relation to right-of-center groups is likely to be considerably weakened by the emergence of both the DP and the Refugee Party as medium sized parties.⁷ While there is an even chance that a center-right coalition will continue, this will be made more difficult by the distinct right nationalist complexion which the DP is likely to have after the elections. Should this development lead to the DP's exclusion from the coalition, the CDU, FDP, and Refugee Party may have difficulty in mustering the necessary votes to form a government. Moreover, the SPD may moderate its demands after the election. Under these circumstances there is an even chance for the formation of a CDU-SPD "grand coalition." Adenauer currently opposes such a coalition and would be unlikely to head it.

19. A "grand coalition" would insure decisive majorities on many issues. However, it might prove unstable and indecisive in some areas of policy, such as economic and social questions. It could thus arouse mistrust in the effectiveness of democratic government at the same time that rightist elements would be coalescing and possibly overcoming the organizational weakness which is one of their principal handicaps at present. The fact

⁶ The Deputy Director for Intelligence, The Joint Staff, believes that paragraph 18 should end with the word "confirmed." It is his belief that available intelligence is insufficient to support the estimate that a moderate constitutional form of government will continue in West Germany during this period.

⁷ The new electoral law, by eliminating the electoral prospects of the rightist splinter parties, will probably lead many of their adherents to vote for the DP.

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that the FDP and DP have so far been members of a coalition dominated by the CDU under Adenauer has probably inhibited their otherwise more rightist tendencies. We believe that a center-left government would accelerate the emergence of a strong nationalist right.

20. *The Longer Term Political Outlook.* Whether over a longer period moderate political parties operating in a constitutional framework can determine the nature of political life in West Germany will depend not only upon the ability of these parties to provide strong and effective government but also on external factors. If West Germany finds adequate markets for its exports and economic conditions in the country continue to be satisfactory, we believe that constitutional and responsible government has an excellent chance of continuing. On the other hand, if economic difficulties do develop, there is almost certain to be a growing trend in West Germany toward a more authoritarian and nationalist type of government. This trend would be intensified if a democratic government appeared unable to pursue effectively German reunification and Germany's other national aspirations.

21. If such a trend in West German internal politics were to appear, it would probably take the form of a mass party of the nationalist right drawn from the unemployed, the middle class, and the residue of unassimilated refugees from former German territories in the east. Though probably avoiding some of the more offensive characteristics of Nazism, such a movement would respond to the traditional German desire for "strong" and authoritarian leadership. The rate at which such a movement might develop would depend greatly on external events, and on the success with which a moderate parliamentary regime avoided the appearance of weakness and division.

22. *Political Effects of Reunification.* If German reunification is brought about on the basis of free elections, a new internal political situation would result. While it seems certain that the population of the Soviet Zone would be heavily anti-Communist, it is difficult to forecast what its party preferences

would be. Probably the largest increase of strength would accrue to the SPD. Right nationalist parties would probably also register some gains. The CDU would therefore suffer a relative decline of strength in Germany as a whole. The Communist party, if it had obtained no special position of power by the terms of reunification, would remain weak but would attempt to infiltrate other parties and to influence German policy through them.

SOCIAL ISSUES

23. The 50,000,000 people of the Federal Republic of Germany constitute a society which, despite the disruptive effects of Nazism and war, has emerged as one of the most stable national communities in Western Europe. The remarkable economic recovery has benefited almost all elements of society in some degree. Scepticism toward radical social innovation derived from the Nazi period is probably also a factor. To some extent the experience of war and National Socialism has had the effect of moderating class, regional, and religious antagonisms in German society. We do not believe that these antagonisms are likely to reappear in their former virulence. On the whole, a balance of group interests has been attained and there is no large dissident group in the society.

24. West German workers have revived their pre-1933 labor unions, but the hold of these unions over the workers is somewhat weaker than before 1933. On the whole, labor has pursued its economic goals by moderate means. Its real annual earnings have increased by 10 percent over the prewar level, and it has improved its position relative to that of the middle class and white-collar workers. Given the example of Communist control in East Germany, together with the experience of Nazi totalitarianism, the mass of industrial workers is likely to continue to be anti-Communist.

25. The relatively large number of persons supported in whole or in part by public welfare and social insurance (13,000,000 in 1950 or more than double the 1936 number) has been a marked feature of the West German social scene since the end of the war. This

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increase has resulted from a relative increase in the older age group, from the large number of war disabled and dependents of those killed in the war, and from the influx of destitute refugees from the East. The great economic burden imposed on the German state will continue for many years, but will decline in relative terms as economic growth continues. Domestic policy in the West German state will continue to reflect the pressure of large elements of the population for social welfare measures.

26. Although the expellees from former German territories in the East together with Soviet Zone refugees constitute about 20 percent of the West German population and create an economic and social problem, their absorption into the economic and social life of West Germany has been more successful than was anticipated. This absorption has been accomplished most effectively with industrial workers in urban centers, but less effectively with farmers and middle class elements. The assimilation of refugees in rural camps has been rendered difficult because of lack of housing in centers of employment. The refugees do not form a cohesive group capable of challenging the existing social order. In the event of adverse economic conditions, however, the unassimilated refugee elements would suffer from unemployment and destitution sooner and more severely than the rest of the population and would probably then become a formidable center of social unrest and radical political agitation.

ECONOMIC TRENDS

27. With the currency reform of 1948 the West German economy began a period of recovery and expansion which has made it one of the strongest in Western Europe. Partly as a result of a rate of investment which has exceeded 20 percent of gross national product, industrial production was raised from 50 percent of the 1936 level in June 1948 to 160 percent in the last quarter of 1952. In the same period, agricultural production increased from 85 to 115 percent of the 1936 level. The influx of refugees and expellees has provided a large additional labor pool, much of it highly skilled, which has increased West Germany's

capacity for economic growth. In consequence, GNP in West Germany in 1952 was about \$30 billion in 1951 US dollars, compared to about \$40 billion in the UK. Per capita GNP is about 10 percent higher than before the war.

28. The conservative fiscal and monetary policies of the West German Government have curbed inflation and provided the country with a stable medium of exchange. High rates of taxation which place 38 percent of GNP at the disposal of central and local governments have permitted nearly balanced budgets, despite the fact that 16 percent of GNP goes for social welfare expenditures and another 6-7 percent to occupation costs. These government policies, together with the rapid increases in production, have held price levels remarkably stable, so that West Germany has been less affected by the price inflation which followed the outbreak of the Korean war than have most other European countries and the US.

29. The financial stability of the West German economy has been preserved despite the high rate of capital formation, since nearly 70 percent of this expansion was financed from business profits. Public budgets and counterpart funds have contributed only 20 percent and the capital market only 10 percent. Domestic savings, though expanding, probably will not be adequate to sustain the present rate of capital formation.

30. The foreign trade pattern of the Federal Republic is markedly different from that of prewar Germany. The loss of East Germany has meant a greatly increased dependence on imports of food and raw materials. At the same time, trade with Eastern and Southeastern Europe, which formerly provided much of these imports and accounted for about 15 percent of prewar German trade, has been reduced to about one-tenth of prewar levels. The result has been that West Germany has had to draw on Western sources of supply.

31. Thus far West Germany's surplus with the European Payments Union, together with US troop expenditures and military purchases — amounting in all to about \$400,000,000 in 1952 — has enabled West Germany to balance

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its dollar account. Dollar expenditures will be reduced by the expected termination of coal imports from the US during 1953 and the gradual revival of German merchant shipping. It is evident, however, that the health of the West German economy can continue to be good only if there is continued world prosperity. Any major contraction of world markets which would reduce substantially the demand for German exports would have immediate and serious repercussions in West Germany.

32. Given favorable world conditions, West Germany's large and efficient industrial plant, extensive scientific capabilities, highly skilled workers, and capable management can insure substantial further economic growth. Although the rate of growth will not be as high as that during the period of postwar recovery, we estimate that the gross national product can be increased by more than 40 percent in the next decade. This growth would be contingent on a further expansion of foreign trade by 15-20 percent, and on a readjustment of this trade to reduce dependence on dollar areas.

33. While West Germany may increase its trade with the Soviet Bloc, particularly in event of adverse developments in West German trade with the West, it is unlikely that this trade will again assume even its prewar importance. The industrialization of the Bloc and its self-sufficiency policies have reduced the likelihood of the resumption of the volume and pattern of prewar trade under which Germany supplied the Bloc with industrial products and received food and raw materials in return. West Germany will almost certainly try to increase its trade with the Soviet Bloc and adverse developments in West German trade with the West would lead to agitation against present East-West trade controls, but a major reorientation in West Germany's foreign trade is unlikely.

POTENTIAL DEVELOPMENT OF WEST GERMAN ARMED FORCES

34. Under present plans West Germany is scheduled to contribute armed forces numbering about 500,000 men to the European De-

fense Force which would be built under the EDC treaty. This number would provide 12 divisions, an air force of about 1,300 aircraft, principally fighters, and a coastal defense navy which is not to include submarines or ships of more than 1,500 tons. We estimate that the Federal Republic can mobilize and train the planned forces within a period of two to three years following ratification of the treaty. To achieve this buildup, West Germany would have to be provided with the necessary heavy equipment and aircraft in the first 18 months of this period.

35. If no restrictions were imposed on the size of West German armed forces, we estimate that a peacetime force of about a million men could be supported by the present manpower and financial resources of the country without causing serious economic dislocation. The probable composition of this force and the division between ground, air, and naval elements would depend on policy decisions at the time.⁸

36. However, psychological and political obstacles to the creation of armed forces do exist in West Germany. West German youth has retained an anti-military bias from the experience of World War II. The Social Democrats and even large numbers of Christian Democrats fear the influence on the policies and institutions of the Republic which might be wielded by a revived military hierarchy of the old type. The sacrifices involved in building armed forces to the levels contemplated in the EDC treaty are not likely to arouse political resistance, but we believe that any substantial increase above these levels might do so. The process of building armed forces beyond EDC levels may be slowed, therefore, by political interventions and party disputes, especially if rearmament eventually affects standards of living or requires curtailment of social welfare expenditures.

⁸ The Assistant Chief of Staff, G-2, Intelligence, Department of the Army, estimates that within seven or eight years, this force could include a ground force of 750,000 men in 25 active divisions. By the end of this period some 35 reserve divisions could also be raised. West Germany's maximum theoretical mobilization potential is estimated at about 100 divisions raised over a period of approximately ten years.

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37. The gap in German military experience since 1945 is not as yet a serious handicap to the building of West German forces. An adequate number of commanders, staff officers, non-commissioned officers, instructors, and technicians with World War II experience is available. Shortages of pilots and company grade officers could be overcome in a two-to-three year training period. Planning and operations elements staffed by experienced officers already exist for all services within the office of the West German Government which is to form the nucleus of a future defense ministry.

38. It seems probable that in the beginning the future German military establishment will be fully controlled by West German civil authorities; military leaders will agree with them on major political and military issues. To what extent German military leadership subsequently might play a more independent political role is uncertain. While not eager to interfere in politics on its own account, and generally willing to accept civilian leadership, it might nevertheless assume a more active political role if serious indecision developed among the domestic political forces. Its own political course under such circumstances will probably be heavily influenced by the degree of western military integration existing at that time. Whatever its own political predilections, its course of action is bound to be affected by a keen appreciation of the limits of German military power in the postwar system of power relations.

SCIENTIFIC AND TECHNICAL CAPABILITIES

39. West German science is capable of supporting the country's economic development without technical assistance from foreign sources. There will continue to be an adequate supply of well-qualified scientific and technological personnel in most fields. Strong support to science by government and industry seems assured in view of West Germany's highly competitive foreign trade position. The setback to German science inflicted by the social policies of the Hitler regime and by World War II has been almost overcome, and we believe that within five years the over-all scientific capabilities of

West Germany will surpass those of all other Western European states except the UK.

40. Although prohibition and controls of scientific research related to development of military capabilities have been in effect since World War II, West Germany has a high potential for such research and development. If released from present restrictions, West Germany should rapidly recover the former German capability for development of military equipment. Under pending agreements, West Germany would undertake not to manufacture atomic weapons but to limit itself to developing an atomic energy program centered about a low-power nuclear research reactor. In any case the development of atomic weapons would be impeded by the fact that the uranium deposits of the country appear to be of low grade and limited in quantity.

PROBABLE FOREIGN POLICY

General Orientation — Present and Short Term

41. The foreign policy of the Federal Republic since 1949 has aimed consistently at restoring full independence and equality and removing the vestiges of the occupation regime. This aspect of present German policy has the support of all parties and will be followed by any government in West Germany until every restriction imposed on German sovereignty has been removed. If the pending Contractual Agreements are ratified, therefore, the Federal Republic will aim at removal of the so-called reserve powers which the US, Britain, and France retain under these agreements.

42. While the Federal Republic thus aims at national independence, it has pursued its goals by normal diplomatic methods. There has been a minimum of nationalist agitation considering the popular irritations that normally arise from a prolonged period of foreign occupation. While German nationalism will almost certainly increase, the pursuit of aggressive military policies will be restrained by the memory of disastrous defeats in two world wars and, more important, by the real-

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ization that Germany's relative power position has been greatly altered in consequence of the enormous growth of US and Soviet power.

43. It is probably this realization of the altered power relationships in Europe that has stimulated West German interest in schemes of European integration. The European movement in West Germany is strong and widely based in popular sentiment. Many Germans see in European integration an opportunity to gain that political and economic hegemony in Europe which two wars have failed to obtain for them. Hence, problems of adjusting national conflicts will remain, even if the framework of European unity is ultimately established. In particular the Franco-German relationship will continue to be difficult. Once they have recovered their full strength, the Germans are not likely to acknowledge the equality of a France which continues weak and unstable. On the other hand, the Germans recognize the desirability of a France strong enough to support the German position in Western Europe.

44. Whatever the precise form in which the Federal Republic's relations with the West might be organized in the next few years, it seems almost certain, assuming no decisive shifts in Western or Soviet policy, that West Germany will preserve a pro-Western orientation. Aside from ideological antipathy to the Soviet world, it is well understood in West Germany that close ties with the Soviet Bloc would endanger the national independence which West German policy aims to achieve. Moreover, economic ties with the West will almost certainly continue to be of vastly greater importance to the health of the German economy than any likely development of economic relations with the Soviet Bloc. However, as its ability to conduct an independent policy increases, West Germany will probably attempt to solve its problems in the East by its own efforts, thereby creating strains in its relations with the West.

Pending Problems

45. *Reunification of Germany.* The reunification of West Germany with the Soviet Zone

is a stated goal of all parties in the Federal Republic, and this problem will continue to influence all aspects of the Bonn Government's policy. The parties differ, however, in the priority they give to this aim. The government parties have subordinated it, at least tactically, to integration with the West. They have done so largely because of their belief up to now that reunification could be obtained from the USSR only on unacceptable terms. However, recent developments in East Germany have revived West German hopes that early reunification might be attainable and have led to increased demands that steps be taken to explore this possibility. Therefore, should further Soviet moves create the impression in Germany that early reunification might be obtained on suitable terms, any government will feel compelled to agitate the unity question as vigorously as its opponents.

46. The SPD, on its part, has insisted that the development of West Germany's relations with the West must not be allowed to foreclose the possibility of early Four-Power negotiations on German unity, and has opposed EDC ratification largely on this ground. This SPD policy appears based largely on the party's desire to use the unification issue to advance its electoral prospects and on its belief that it would stand to gain politically if predominantly Protestant East Germany were reunited with the Federal Republic. Plausible Soviet maneuvers on the unity question would probably check a trend which has been developing in the SPD toward a willingness to moderate its opposition to the EDC treaty.

47. The formula for achieving reunification which almost all West Germans would prefer is substantially in accord with that of the Western Powers. This formula would involve genuinely free elections in all zones to set up an all-German government which would then participate with the four occupying powers in a conference on the drafting of a final peace treaty. The preferred formula would also involve giving post-treaty Germany full freedom of alliance. On the other hand, West Germany would refuse to

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accept any formula for reunification which gave the USSR substantial influence over internal German affairs, possibly through some form of Four-Power control, or assigned to the Communist party a position of power which the West Germans believed would enable the Communists to subvert the democratic constitution of the German state.

48. If, however, the USSR should propose that Germany be reunified on the basis of free elections but that it be denied the right to ally itself with other states and that its level of rearmament be controlled, German opinion would be profoundly divided. Most Germans would have strong suspicions as to the sincerity of such a proposal. The present Adenauer government would probably be inclined to oppose it, as involving abandonment of West Germany's plans for integration with the West. However, the resurgence of hope for early reunification of Germany as a result of recent developments in East Germany would make it difficult for any German government to oppose exploration of the Soviet proposal. Under these circumstances, Adenauer could not oppose the Soviet proposal, if it were made before the 1953 elections, without endangering the electoral prospects of the coalition parties. Otherwise, the opposition SPD, although itself divided over accepting any such Soviet offer, would probably use the Soviet proposal in its attacks on the coalition.

49. If the Germans became convinced that the USSR actually intended to agree to German unification on such terms but was unwilling to go any further, we believe that the majority of West Germans, rather than lose this opportunity for unification, would wish to accept the proposals. They would do so in the conviction that the Western Powers would still have to guarantee their security and that eventually Germany would be able to escape from its enforced neutrality. If the West Germans felt that the Western Powers were blocking a reunification of Germany which was based upon what the West Germans considered reasonable, relations between West Germany and the Western Powers would be strained. Under such circumstances it is highly unlikely that a satisfactory integra-

tion of West Germany into the Western alliance could be achieved.

50. *EDC and NATO.* Since the EDC treaty has already received parliamentary approval in West Germany, the ratification of EDC depends upon the action of the other signatories. If the EDC should come into effect we estimate that the West Germans would proceed to implement it unless they were convinced by Soviet actions that unification on favorable terms were possible. Except in this latter event, we estimate that even the SPD would go along with EDC implementation measures, though admission to a "grand coalition" government might be their price for such cooperation.

51. However, if the EDC is rejected or long delayed, the West German Government will necessarily continue to depend upon the Western allies for military protection. The government will press for implementation of the Contractual Agreements and will feel that its freedom of action in regard both to its position in the Western system and its relations with the USSR requires the establishment of German armed forces, preferably connected with the West. The demand for such armed forces would be intensified if the right, released from coalition obligations, were free to agitate for more dynamic and independent German policies. West Germany is likely to try to meet French resistance to German rearmament by offering to have such German forces subjected not only to NATO integration but also to a strict and continuing NATO control.

52. Whether or not the EDC treaty is ratified, West Germany will press for admission to NATO. The Germans will place value upon the equal association with the West which this arrangement would provide. In their view it would strengthen West Germany's position on Franco-German issues, and would provide additional insurance for the security of the Federal Republic.

53. If the Germans were denied all participation in the Western Alliance they might attempt to rearm outside the context of NATO, either unilaterally or through direct approaches to the US and UK.

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54. *German attitude toward Western garrisons in Germany.* Regardless of EDC developments, the people of Germany will continue to have mixed emotions regarding the presence of large allied forces in their country, even though the defense of West Germany is not now feasible without them. If West Germany rearms, it will probably insist that foreign military establishments be reduced as its own defense capabilities increase.

55. *The Saar.* The problem of the Saar will continue to disturb Franco-German relations. While the West German Government would probably accept a transitional arrangement for Saar autonomy, the chances are slight that it would abandon its claims for the eventual reintegration of the Saar with Germany.

56. *Berlin.* The West German Government has made considerable expenditures to maintain the freedom of West Berlin. This has been done in part, however, on Western, particularly US, urging, and in response to a substantial contribution by the US. If there should be a decline in US support for Berlin's emergency needs and long-range program of economic recovery, a curtailment of the West German effort might follow. If the SPD gains control or major influence in the Bonn Government, it will probably seek closer integration of Berlin with the Federal Republic.

Long Term Prospects if the Division of Germany Continues

57. If no agreement with USSR over German reunification is reached, the course of developments in West German foreign policy will depend largely upon: (a) ratification of the EDC by the six signatory powers; or (b) in the event the EDC is not ratified, the nature of the policies which the Western Powers would adopt toward the rearmament of Western Germany and its place in the Western alliance.

58. If some form of German rearmament in association with the West is permitted, whether through EDC, NATO, or some other arrangement, West Germany will over the long term almost certainly remain aligned with the West. In these circumstances West Germany would press for the lifting of restrictions on its rearmament.

59. This estimate of the probable course of West German foreign policy can be made, however, only if certain reciprocal actions on the part of the Western Powers are assured. These would include: (a) a firm commitment that the Western Powers would not seek a separate settlement with the USSR at the expense of the Federal Republic; (b) the maintenance of an effective military posture by the Western alliance; (c) no serious discrimination against West German participation in the free-world market; and (d) the meeting of West German demands for full equality within the councils of the alliance, as well as a major voice on all issues directly affecting German interests. Furthermore, West Germany would seek that leadership in Western Europe to which it considered itself entitled by virtue of its strength and resources. Failure of the Western Powers to take account of West German interests in these respects would lead to a strengthening of anti-Western sentiment.

60. In addition reunification would remain a basic German objective and West Germany would seek Western support for reunification. As its strength and value to the Western states as a power factor increased, West Germany would probably attempt to commit the Western alliance to bring heavier pressure to bear on the USSR to restore German unity. It is even possible that, once West Germany estimated that the Western power position was strong enough to minimize the risks, it would seek to involve its Western partners in aggressive policies designed to reunite the German state.⁹ Should the Germans become dissatisfied with Western support for German reunification efforts, this might lead ultimately to

⁹ The Special Assistant, Intelligence, Department of State, agrees that West Germany might at some time estimate that it could undertake an aggressive policy on unification. However, he considers it highly unlikely the West Germans would make such an estimate in the foreseeable future unless they believed (rightly or wrongly) that: (a) present East-West power relationships had radically altered to the advantage of the West; (b) West Germany could count on the support (voluntary or otherwise) of the other Western Powers; and (c) war would not result from their actions.

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widespread demands that West Germany seek reunification through separate negotiations with the USSR.

Long Term Prospects if Germany is Reunited

61. If German reunification is brought about by Four-Power agreement, the foreign policy of the future German state would be largely determined by the terms of that agreement and by the extent to which the Germans felt that their interests had been considered in the making of it. In the unlikely event that Germany, under the terms of the settlement, were free to continue in alliance with the West, it would probably wish to do so, and would probably seek the backing of its Western partners for the fulfillment of territorial or other demands which the peace treaty had failed to satisfy. In particular, the Germans would be unlikely ever to accept the Oder-Neisse as a final eastern frontier, and would make every effort to commit their Western partners to its revision.

62. If, on the other hand, a reunified Germany is neutralized and restricted in its rearmament program, the future course of its foreign policy becomes more difficult to estimate. Germany might be willing to accept for some

years an imposed neutrality and forced arms limitations. However, we believe it unlikely that Germany would be willing to accept indefinitely these limitations on its sovereignty and on its freedom to pursue its own interests. If Germany could regain its freedom of action, it might elect to advance its interests by attempting to play an independent role between the two great power blocs. On the other hand, if Germany chose to exercise its freedom to enter alliances, we believe that it would be more likely to adopt a pro-Western rather than a pro-Soviet alignment. In spite of any conflicts which might develop with the Western Powers, we believe that fundamentally the Germans would consider that: (a) the chief threat to their security lay in the power and aggressive designs of the USSR; (b) the conflicts of interests between them and the Soviet Bloc (over such issues as the Oder-Neisse territories) were greater than those with the Western Powers; (c) their opportunities for a larger world power role would be greater as a leading member of a Western European coalition than as a "junior partner" of the Soviet Union; and (d) their trade with the West would remain more important than any prospective development of trade with the Soviet Bloc.

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